

APPLICATION FOR TRANSPORTATION
AND UTILITY SYSTEMS AND
FACILITIES ON FEDERAL LANDS

1. Name and address of applicant:

Genwal Coal Company, Inc.
P.O. Box 1201
195 North 100 West
Huntington, UT 84528

2. Name, title, and address of authorized agent if different from item 1:

Allen P. Childs
Genwal Coal Company, Inc.
P.O. Box 1201
195 North 100 West
Huntington, UT 84528

3. Telephone:

Applicant: 801-687-9813
Authorized Agent: 702-252-5001

4. Applicant:

A. Individual	[]
B. Corporation	[X]
C. Partnership/Association	[]
D. State Govt/State Agency	[]
E. Local Government	[]
F. Federal Agency	[]

5. Specify what application is for:

A. New Authorization	[X]
B. Renew Existing Authorization #	[]
C. Amend Existing Authorization	[]
D. Assign Existing Authorization	[]
E. Existing use for which no authorization has been received	[]
F. Other	[]

6. If an individual or partnership, are you a citizen(s) of the United States? ☐ YES ☐ NO

7. Project Description: (a) Type of system or facility; (b) related structures and facilities; (c) physical specifications; (d) term of years needed; (e) time of year of use or operation; (f) volume or amount of product to be transported; (g) duration and timing of construction; and (h) temporary work areas needed for construction.

(a) Underground entries located approximately 1500' below the surface in the Hiawatha Coal Seam. The right-of-way would support six entries 20' x 8' x 3960'. In the area designed for the crossing the number of entries would be reduced to three.

(b) Existing coal mine facilities, no further expansion of surface facilities required.

(c) 3,960' x 520' See Figure #1, 2 and 3.

(d) The anticipated project life at this time is in excess of 60 years.

(e) Year round use.

(f) Future production of approximately 750,000 tons/year. Present production of 360,000 tons/year.

(g) Commence immediately upon receipt of right of way and mining permit. Anticipated 1st quarter of 1990.

(h) None.

8. Attach map covering area and show location of project proposal:

SEE ATTACHED FIGURE #1.

9. State or local government approval:

Attached/applied for ☐
Not required ☒

10. Non-returnable application fee:

Attached ☐ Paid upon receipt of billing
Not Required ☐

11. Does project cross international boundary or affect international waterways? [] YES [X] NO
12. Give statement of your technical and financial capability to construct, operate, maintain, and terminate system for which authorization is being requested:

Genwal Coal Company (GCC) is a wholly owned subsidiary of Nevada Electric Investment Company Inc., which is a wholly owned subsidiary of Nevada Power. Nevada Power is a publically owned utility with assets of approximately \$138 million and annual revenues of \$600 million.

GCC has operated a coal mine in the immediate area for the last eight (8) years. All underground equipment, personnel and technical capabilities are in place. The required right-of-way will be constructed, maintained, operated and terminated in accordance with all federal and state regulations which has been the practice of GCC over the last eight (8) years.

- 13a. Describe other reasonable alternative routes and modes considered:

The depth of the coal prevents any reasonable alternate access from the surface to the coal reserves in question.

A lease modification of federal coal lease #U-54762 could be implemented.

A new federal coal lease by application.

- b) Why were these alternatives not selected?

During several of the pre-application meetings it was determined that access to coal north of this corridor must be maintained. A lease modification would grant GCC control over the corridor. The right-of-way would maintain access over the top of our entries for another lessee.

Due to Nevada Power's section 3 problem GCC is unable to lease additional federal coal.

- c) Give explanation as to why it is necessary to cross federal lands:

GCC currently has control of federal coal leases SL-062648 and U-54762 and state coal leases ML 21568 and ML 21569. It

is necessary for GCC to cross federal lands to access these state leases. The coal reserves in the federal lease are within 14 months of being exhausted without pillaring coal that is remaining in the barrier pillars to adequately protect future access.

A majority of the remaining 14 months of mining is located adjacent to the Huntington Canyon and is in the northeast section of the federal lease U-54762. If GCC is forced to mine all the remaining federal coal, we will not have a contingency block of coal available to mine in the event unforeseen geologic conditions, which may require several months to mine through (i.e., faults, grabens, etc.), are encountered.

The state leases have a block of coal projected at 20 million recoverable tons. GCC's parent company presently has a Section 3 problem and is not able to lease additional federal coal at this time. In the event GCC is unable to cross federal land, GCC would have to dramatically reduce or temporarily curtail mining operations. A reduction in operational capacity would reduce employment and a potential loss of contracts would be imminent. At the present time GCC employs approximately 70 people directly or indirectly. A planned reduction in the work force would directly effect approximately 40 people.

In order to obtain long term contracts it is often necessary to demonstrate accessible reserves (especially exports). The proposed corridor would allow this criteria to be met immediately. The favorable resolution of the Section 3 problems may be several years off which would preclude any additional expansion.

14. List authorizations and pending applications filed for similar projects which may provide information to the authorizing agency: (Specify number, date, codes, or name.)

Mining & Reclamation Plan
ACT/015/032
Utah Division of Oil, Gas & Mining
Salt Lake City, UT

15. Provide statement of need for project, including the economic feasibility in items such as: a) cost in proposal (construction operation/maintenance); b) estimated cost of next best alternative; and c) expected public benefits.

a) GCC Anticipates an immediate additional cost of approximately \$30,000 in additional roof support immediately

and \$ 50,000 for additional roof support just prior to any entries over our existing headings. The additional roof support would be required in the area where the proposed access entries to the northern block of coal would be located. The remaining costs associated with the right of way would be the same as the costs associated with the mining of any block of coal.

b) The next best and only alternative, the lease modification, would result in exactly the same cost to GCC.

c) As stated above GCC employs directly or indirectly approximately 70 people. Without the corridor to access our only reserve, the mining operation would have to be scaled back tremendously. Without this employment in the local area, unemployment would increase significantly. GCC produces coal for out of state consumption and has been negotiating with several export markets. The influx of money from out of state and export markets has a tremendous positive effect on the local area economy. The local economy presently has been on a downward trend and the unemployment in the area has recently been at an all time high. There are presently no mines operating in state trust lands within the state of Utah. This corridor and access to these state leases would allow the state government to generate greater revenues for the schools and educational system throughout the state. In order to provide the employees with a secure future GCC has positioned itself to develop the coal reserves, expand production, develop a broad base market and upgrade equipment, without this corridor these items may not be accomplished. Allowing a mine to expand within the market area and provide a broad base of production is a healthy scenario for the state, this will allow the state's economy to be able to be expanded more rapidly as the market demand increases. Increased domestic competition will allow the United States to become more competitive with other foreign coal producing countries. A mine capable of immediate expansion without further surface disturbance is environmentally attractive.

16. Describe probable effects on the population in the area, including the social and economic aspects, and the rural lifestyles:

Granting of the right-of-way will have no effect on the population of the area. A rejection of the right-of-way may have a population reducing effect on the area. This reduction would result from our employees having to leave the area for other employment. Reduction of employment will have a negative effect on the local economy. There are

presently five mining operations in Emery County. GCC employs approximately 70 people directly or indirectly, with an average wage of \$30,000/year. A reduction of 50 people would reduce local capital infusion by approximately 1.5 million (out of state) dollars.

With the granting of the right-of-way there would be no impact on both the social or rural aspects of local residents. Should the right-of-way be rejected the uncertainty of employment on the local residents would create a negative social impact.

17. Describe likely environmental effects that the proposed project will have on: (a) air quality; (b) visual impact; (c) surface and ground water quality and quantity; (d) the control or structural change on any stream or other body of water; (e) existing noise levels; and (f) the surface of the land, including vegetation, permafrost, soil, and soil stability.

(a) None N/A

(b) None

(c) Surface Water - None

Ground Water - The ground water will be effected to the same degree as the existing operation effects it. The mine does not produce water from the roof or floor until pillar-ing begins, we will not pillar this area until directed by the BLM. See the ground water section of the MRP for further discussions.

(d) N/A

(e) No additional noise will be created by the right-of--way.

(f) The right-of-way will not effect ANY surface structures. The entries will be designed and constructed to eliminate surface subsidence. At a depth of approximately 1500' and a width of 180' no subsidence will occur. No second mining would occur at the present time unless directed by the BLM. Crosscuts and entries would be supported by concrete cribs as needed to support the roof.

18. Describe the probable effects that the proposed project will have on: (a) populations of fish, plant, wildlife, and marine life, including threatened and endangered species; and (b) marine mammals, including hunting, capturing,

collecting, or killing these animals.

(a) None

(b) None

19. Name all the Department(s)/Agency(ies) where this application is being filed:

Bureau of Land Management
900 North 700 East
Price, UT 84501

Copies to: Bureau of Land Management
324 South State
Salt Lake City, UT 84111

U.S. Forest Service
599 West Price River Drive
Price, UT 84501

State Lands
355 West Temple
3 Triad Center, Suite 400
Salt Lake City, UT 84180-1203

Division of Oil, Gas & Mining
355 West Temple
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1203

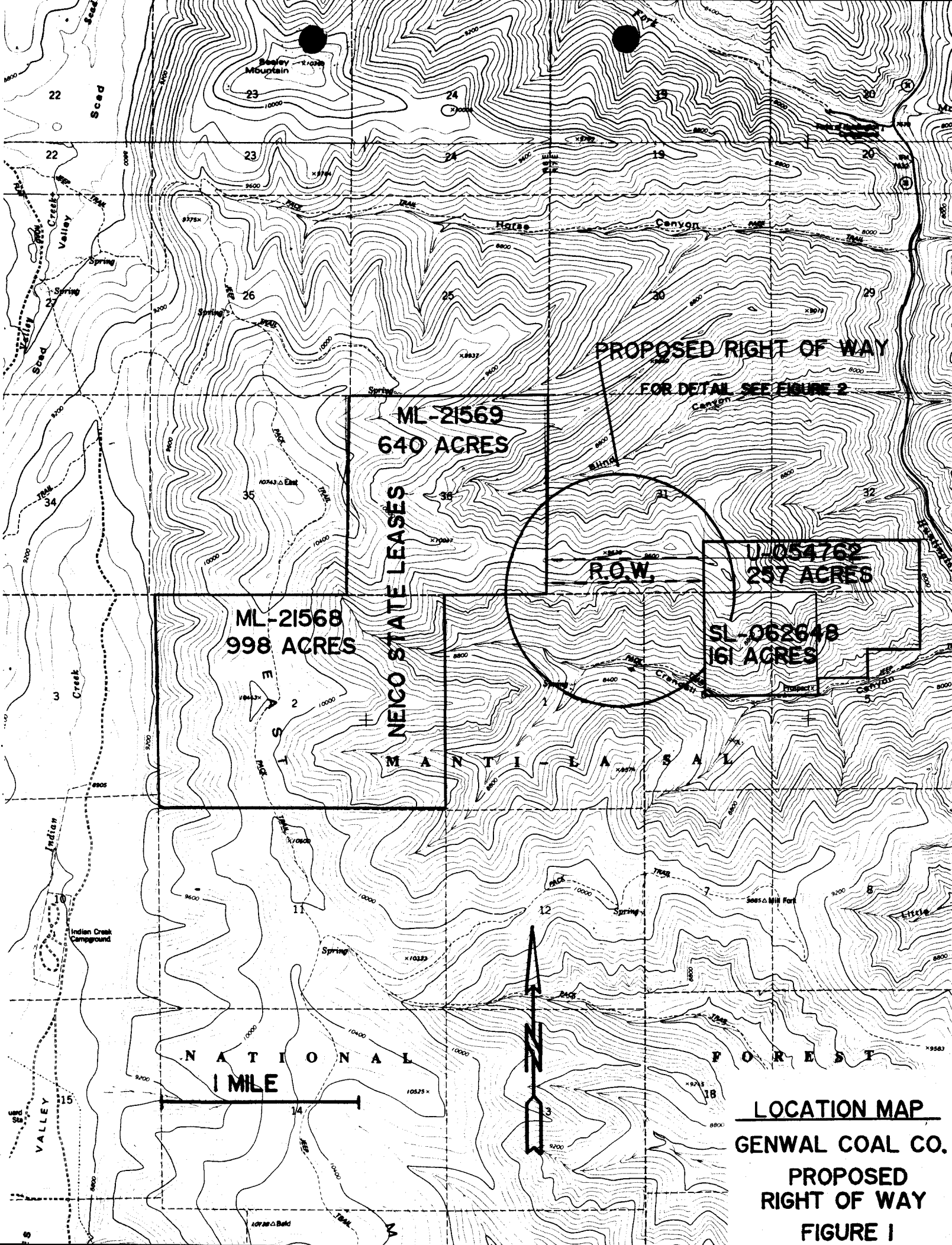
I HEREBY CERTIFY, that I am of legal age and authorized to do business in the State and that I have personally examined the information contained in the application and believe that the information submitted is correct to the best of my knowledge.



Signature of Applicant

10-17-89

Date



PROPOSED RIGHT OF WAY
FOR DETAIL SEE FIGURE 2

ML-21569
640 ACRES

ML-21568
998 ACRES

U/054762
257 ACRES

SL-062648
161 ACRES

R.O.W.

NEICO STATE LEASES

M A N T I - L A S A L L E

N A T I O N A L
F O R E S T
1 MILE

LOCATION MAP
GENWAL COAL CO.
PROPOSED
RIGHT OF WAY
FIGURE I

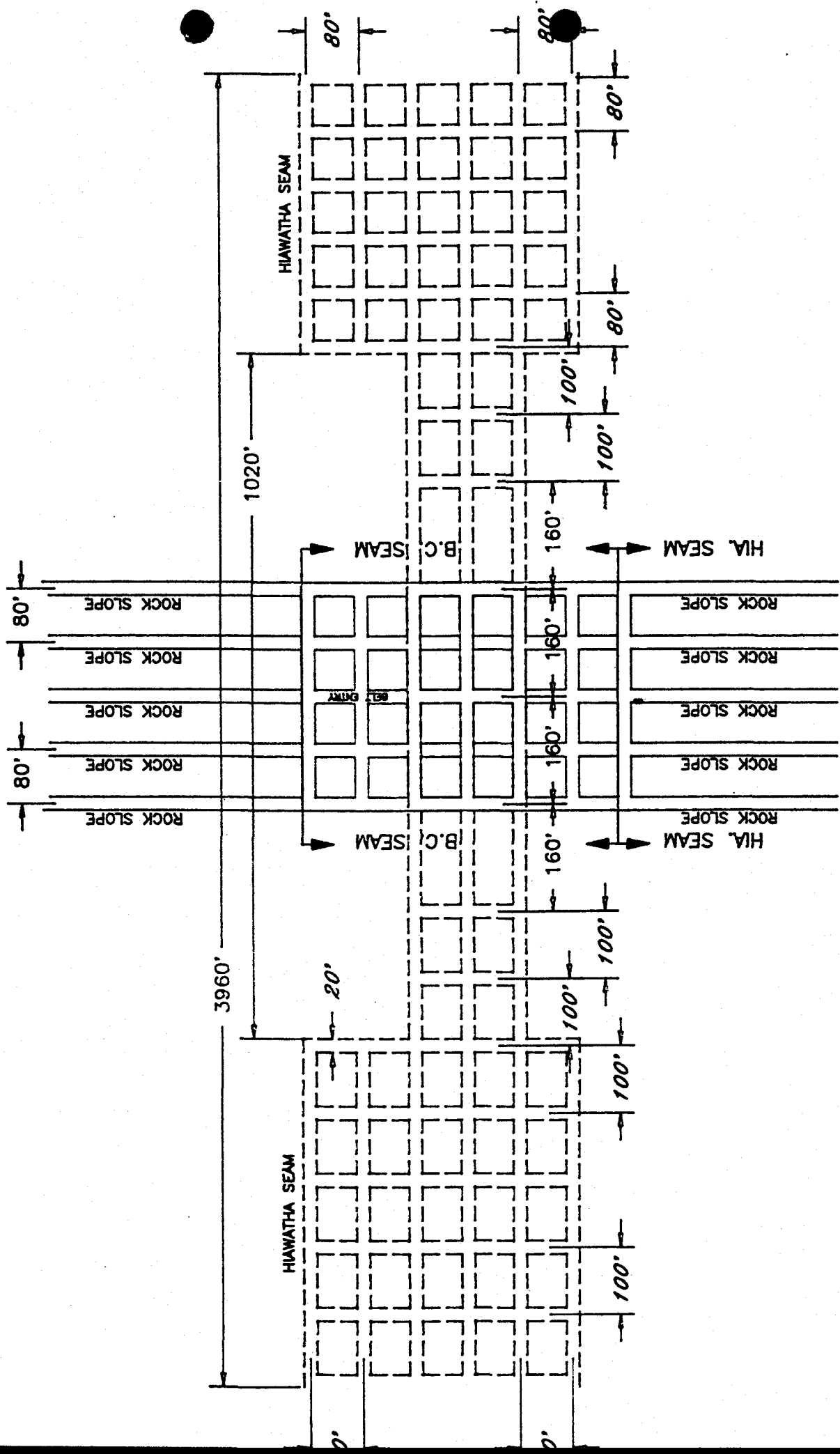
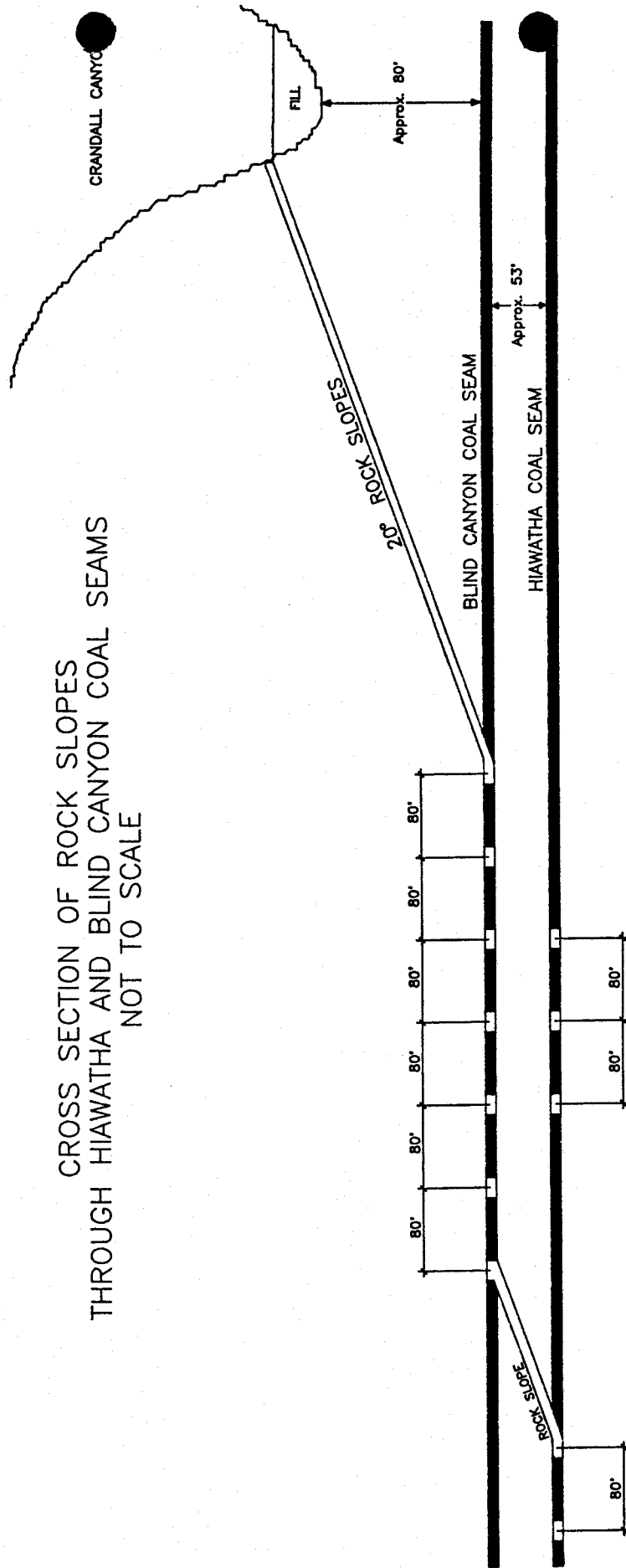


FIGURE 2

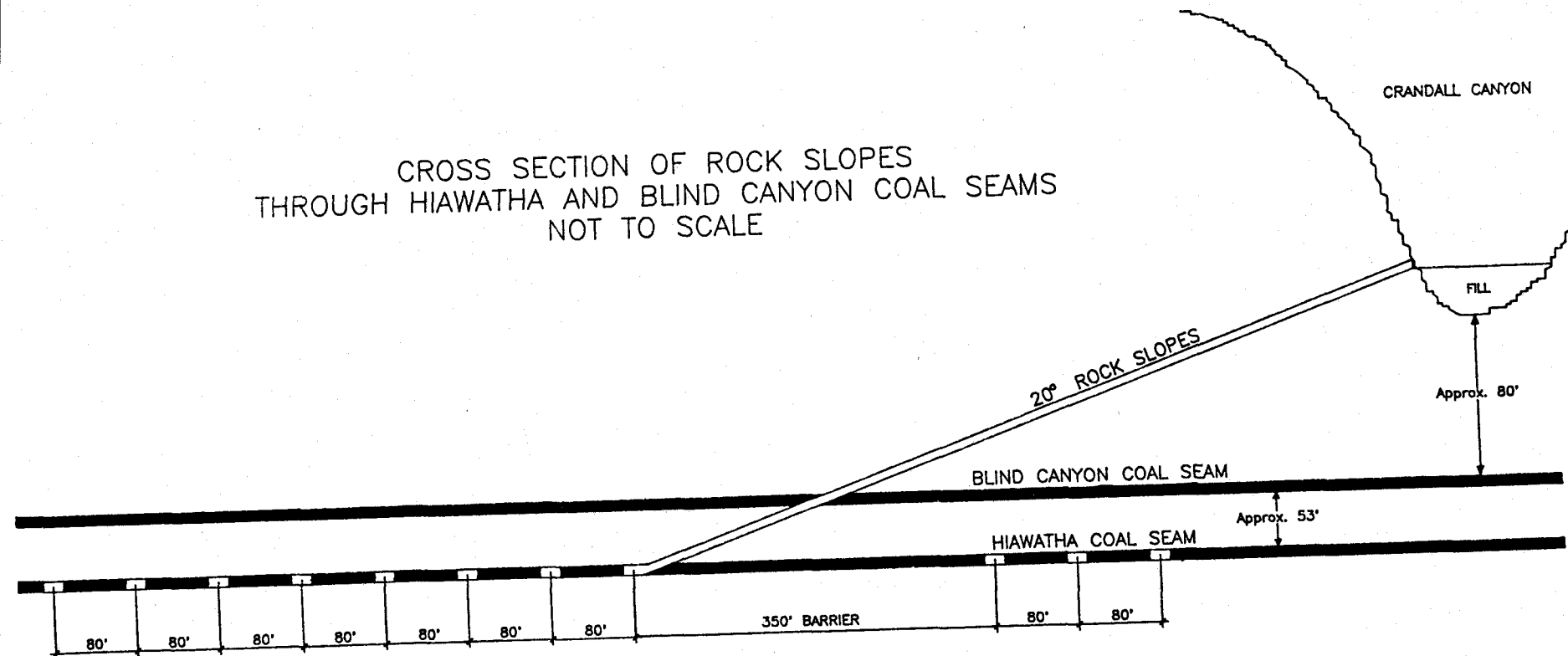
CROSS SECTION OF ROCK SLOPES
THROUGH HIAWATHA AND BLIND CANYON COAL SEAMS
NOT TO SCALE



OPTION 1

FIGURE 3

CROSS SECTION OF ROCK SLOPES
THROUGH HIAWATHA AND BLIND CANYON COAL SEAMS
NOT TO SCALE



OPTION 2

FIGURE 4